



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1021 (1945)

May 10, 1984

- SUBJECT: Implementation of Changes in the Emergency (EM) Program as Authorized by the "Emergency Agricultural Credit Act of 1984" (Public Law 98-258)

TO: All FmHA State Directors, Farmer Programs Chiefs,
District Directors, County Supervisors, and
Director, Finance Office

The "Emergency Agricultural Credit Act of 1984," Public Law (PL) 98-258, was signed by President Reagan on April 10, 1984. This Act substantially changes the Farmers Home Administration (FmHA) emergency (EM) loan program for natural disasters occurring on or after May 31, 1983. Revisions in FmHA Instructions 1945-A and 1945-D incorporate these changes. This AN gives guidance for implementing the changes relating to: (1) EM loans to eligible farmers in a county(ies) contiguous to a county that has a Secretarial or Presidential designation, and (2) providing for at least 8 months in which to file EM applications.

(a) CONTIGUOUS COUNTY DESIGNATION.

The National office will identify all contiguous counties eligible for EM loans based on disasters occurring on or after May 31, 1983. EM applications may be received but not approved until after the State Director issues the State Supplement required by section (d) of this AN.

Contiguous counties are those counties which touch the boundary of one or more designated counties, including those across State lines. A county which is contiguous to a designated county within the same State and to a designated county in another State will be named under the designation number of the county which is in the same State.

One "umbrella amended designation" will be made for each State covering all counties, including contiguous counties, designated as disaster areas based on disasters occurring on or after May 31, 1983. The National Office will send each State a list of these counties, and the list will set forth the types of disasters covered by the designation, the incidence period, the date of the Governor's request, and the termination date for accepting applications. Attachment A will be sent to applicants who operate in contiguous counties who previously were rejected because they did not operate in designated counties.

EXPIRATION DATE: April 30, 1985

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1945-D.



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Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

The National Office will look at the incidence periods of all of the designations in a State and select the earliest beginning incidence period date and the latest ending incidence period date. These two dates will comprise the new incidence period, which will apply to all originally designated counties and to all contiguous counties. The National Office will also look at the termination dates of all of the designations in a State, select the latest termination date, and add 2 months to that date. This will be the new termination date, which will apply to designated counties identified by the National Office and to all contiguous counties. All designated counties identified by the National Office and all counties contiguous to those designated counties, will be designated for all of the types of disasters covered by all of the original designations.

(b) EXTENSION OF EM APPLICATION TERMINATION DATES.

- (1) For designations made on or after April 10, 1984, the termination date will be 8 months from the disaster designation date.
- (2) For designations made before April 10, 1984, the termination date will be set by the National Office in the "umbrella amended designation" mentioned above.
- (3) Applications will not be accepted in counties where the 8-month termination date has expired on or before April 9, 1984.
- (4) Attachment A to this AN will be used to give notice of the 8-month termination date to applicants whose EM applications were denied because they filed after the initial 6-month termination date. County Supervisors will use the application processing cards and Forms FmHA 1945-22, completed by the applicants, to identify those applicants.

(c) Processing Rejected and New EM Applications.

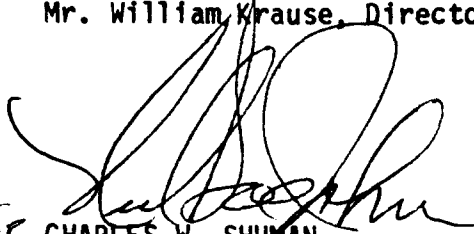
- (1) Present EM borrower loans that were made as a result of disasters occurring on or after May 31, 1983, will not now be reevaluated.
- (2) The EM application processing cards and applicant files will be used to identify those applicants who were denied EM loans based on disasters occurring on or after May 31, 1983. If the 8-month period for filing EM applications has not expired, the County Supervisor will review the rejected applications.
- (3) When evaluating new applicants, County Supervisors will ensure that applicants complete Item C of Forms FmHA 1945-22, "Certification of Disaster Losses," to indicate the type of disaster(s) and the time the disaster(s) occurred. This information is required in order to determine if the applicant suffered losses as a result of disasters occurring on or after May 31, 1983.

- (4) The County Supervisor will review the information on the application and the farm plan, as well as any other financial information which is available. Repayment terms will depend on whether real estate or chattels is offered as security. If the County Supervisor determines that the applicant does not have repayment ability using the maximum repayment terms permitted by FmHA instructions, the County Supervisor will document the information supporting this determination in the file, and mail the applicant/borrower Attachment B to this AN. No appraisal is required if repayment ability, as set forth in this paragraph, does not exist.
- (d) STATE SUPPLEMENT COVERING CONTIGUOUS COUNTIES, DATES TO BE USED TO DETERMINE VALUE OF COLLATERAL FOR EM LOANS, AND EXTENDED TERMINATION DATES AND PUBLIC ANNOUNCEMENTS.

State Directors will closely monitor compliance with this AN in meeting the requirements of §1945.20 (a)(3) of FmHA Instruction 1945-A. Special emphasis will be placed on informing the farm community through public announcements and arranging and conducting meetings with local agricultural lenders and leaders. A file will be established in the county office for each disaster designation. Documentation to support compliance with the requirements of §1945.20 (a)(3) will be placed in this file. This file will be marked "Retain, Do Not Destroy" and will become a permanent record in the county office files. In addition, a State Supplement will be issued which will set forth the covered counties, disaster designation number(s), date(s) of the Governor's EM designation request, type of disaster(s), incidence period, and termination date.

A copy of the State Supplement will be sent to the National Office for post approval.

If you have questions on the content of this AN, you may contact Mr. William Krause, Director, Emergency Division, at FTS 382-1632.


FOR CHARLES W. SHUMAN
Administrator

Attachments A and B

To be sent by Electronic Mail dated May 11, 1984, at 10:12 a.m. by DASD (IMPS). A copy of this communication will be distributed to the County and District offices.

ATTACHMENT A

GUIDE LETTER

(To be sent to EM applicants/borrowers whose EM applications were rejected because they did not operate in a designated county; the sign-up period had expired; lack adequate security.)

Dear _____:

On April 10, 1984, President Reagan signed into law the "Emergency Agricultural Credit Act of 1984." This Act provides for:

1. Making emergency (EM) loans available to farmers in a county(ies) adjoining a county(ies) designated as a result of disasters occurring on or after May 31, 1983.
2. Accepting applications for EM loans for 8 months after the county is designated as a disaster area. The old period was 6 months.
3. Use of the higher of two appraisals made of the farm assets offered as security for an EM loan, based on the value of such assets on the day before the county(ies) was requested for designation, or the value of such assets 1 year before such request.

According to our records, your EM loan application was rejected because _____

Therefore, if you still desire an EM loan, you must advise this FmHA County Office, in writing, within 30 days of the date of this letter that you want to have your EM loan application reconsidered. We will be happy to consider any such written request under the provisions of the above-mentioned Act.

Sincerely,

County Supervisor

1021(1945)

ATTACHMENT B

GUIDE LETTER

(To be sent to EM applicants/borrowers whose EM applications were reevaluated as set forth in paragraph (c) of this AN.)

Dear _____:

The "Emergency Agricultural Credit Act of 1984," changed the way FmHA places values on farm assets (including land, livestock, and equipment) which will be used as collateral to secure an emergency (EM) loan(s). The changes made by this new Act do not require FmHA to (evaluate)(reevaluate) the assets which you offer(ed) as security because we have determined that you do not have sufficient repayment capacity to repay the proposed loan. Consideration was given to the maximum terms permitted for the type assets that you offered for security.

(provide appropriate appeal rights)

Sincerely,

County Supervisor